

Japan's Financial Markets: Conflict and Consensus in Policymaking. By JAMES HORNE. Winchester, Mass.: Allen & Unwin, 1985. 271 pp. Tables, Figures, Appendixes, Notes, Index. \$33.95 (cloth); \$13.95 (paper).

This book examines, through a number of case studies, the economic policy-making system in Japan, highlighting the relationships among various participants. The implied objective of this exercise is to understand the dynamics of the process that determines both Japan's domestic and international economic policies.

The case studies emphasize the interaction among Japan's elite: large industry, public servants, the Liberal Democratic Party (LDP), and the government. Such an approach fills what Horne identifies as gaps in previous literature on Japan's financial system: (1) the intimate nature of the relationships among groups, such as the Ministry of Finance (MOF), the LDP, banks, and corporations in developing and implementing regulatory policy and (2) more importantly, the basis for each group's attitudes toward economic affairs.

Before introducing the case studies, Horne overviews the major structural ranges in the flow of funds at the sectoral level, i.e., among households, government, financial institutions, and corporations. This part of the book offers a fundamental understanding of the developments in broad regulatory policy since the 1970s, fueled largely by demands for deregulation to allow participants more flexibility.

What constitutes the essence of the financial system—the vested interests represented in the arrangements established by the various economic and political groups—is set forth in the case studies so as to emphasize the key issues. An example is the bond market, where the LDP's constraints on MOF activities and the motivation for MOF's policy pursuits are explained. This case study highlights the limitations facing market participants in relation to their aspirations and shows how and why they changed their outlooks on official policy.

Further case studies examine:

The difficulty in changing the regulatory framework to permit the use of new financial products, such as in the establishment of the certificate of deposit (C.D.) market

The issue of trading government bonds where administrative guidance rather than law determined which groups conducted the business

Interministerial differences relating to the postal savings system

Differences between adjusting the existing regulations and revising the legal framework analyzed in terms of ministerial interaction concerning new foreign exchange laws

Foreign influences on policies relating to the yen bond market

The administrative structure and career patterns within MOF and their impact on the policy-making process

Although Horne has presented the key issues in a tight conceptual framework, readers unused to highly detailed academic analysis may be left with a blurred and vague impression of how things function (perhaps the lack of precision is partly a fault of the Japanese system itself). Chapter 7, "The Yen Bond Market 1970–82: Foreign Influences in Policymaking" and chapter 8, "The MOF: The Influence of Career and Retirement Patterns on Policymaking," are particularly successful, primarily because of their clarity.

All readers interested in Japan's financial markets will welcome the information in the appendixes, especially the chronological outline of "major measures influencing the flow of capital" and the summary of "the structure and function of bureaus within the MOF."

KAREN A. I. MAVEC

Credit Suisse Trust & Banking Co., Tokyo

Japan in Transition from Tokugawa to Meiji. Edited by MARIUS B. JANSEN and GILBERT ROZMAN. Princeton: Princeton University Press, 1986. xii, 485 pp. Figures, Maps, Tables, Notes, About the Contributors, Index. \$47.50.

This volume is the product of two workshops and a conference held in 1981 and 1982 to examine developments in Japan during the mid-nineteenth century. Citing the need to have an objective basis for judgments that are too often based on normative assumptions, the contributors employ social science and quantitative methods to analyze statistics that have become available for the Tokugawa and Meiji periods. Rather than focusing on the political events of the Meiji restoration, the essays analyze the decades of transition, the 1850s to the 1880s, in which the Japanese abandoned the most basic principles and organizations of their government and economy. The focus on transition implies a theory of social change emphasizing continuity and stability, while minimizing conflict and abrupt change. The book is divided into four parts: administration, organizations, cities and population, and rural economy and material conditions. An overview by Marius B. Jansen and Gilbert Rozman and introductions to each of the four parts establish a greater coherence than is usually the case with works resulting from conferences.

Part one analyzes the administrative changes that took place during the transition. The central theme is centralization in Albert Craig's study of changes in the central government, Marius Jansen's analysis of the transformation of the ruling class, Michio Umegaki's discussion of the decision to abolish the domains, and Andrew Fraser's case study of the consequences of that decision in Awa-Tokushima. These studies indicate that administrative centralization was carried out in a pattern of compromise, in which local leaders, whose wealth and influence were important to the new government, were initially retained and later set aside.

Part two includes studies of diverse organizations, including Martin Collcutt's discussion of Buddhist religious organizations, which had been closely linked to the Tokugawa order; Eleanor Westney's analysis of military organizations, which provided a model for institutional innovation; Richard Rubinger's study of the educational system, which was characterized by increasing national standardization; Albert Altman's examination of the press, which became the means of communication between the administrative elite and the public; and William Wray's work on shipping, an area in which old and new types of commercial organization were in competition. These studies indicate that the rapid transformation of organizations was made possible by skills and resources that were developed during the Tokugawa period and the Meiji government's active role in promoting centralization.

In part three, Akira Hayami summarizes scholarship on the demographic transition, Gilbert Rozman compares the principles of Tokugawa and Meiji urban life in a study of castle towns, and Henry D. Smith describes the transition from Edo to Tokyo. Hayami's analysis of the relationship between population growth and economic development underscores the necessity of examining regional variations and